Process Completeness: Strategies for Aligning Service Systems with Customers' Service Needs

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Universal Basic Income is 21st Century Policy

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Overview:
- The idea itself of means-tested safety nets is deeply flawed
- We need new ideas in the 21st century
- The best idea is a fully universal basic income
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An overview of means-testing

Why do we means-test?
Assumption: There are two kinds of people: those deserving and those not deserving. Those who do not deserve it, should not get it.

Results: The creation of means and non-means, along with the moral of the rich, while observed from a macroeconomic perspective, and then the tax collection of bureaucracy, high marginal tax rate, Type II error, and stagnation.

Type II Errors
The tax will reduce the work incentive for the poor, and as a result, the total output will decrease. This can lead to a decrease in economic growth and income inequality.

Bureaucracy
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We have over 100 separate programs in the US designed to help the poor.
These programs all have barriers to entry and paid gatekeepers.
These programs all interact with each other to create “welfare cliffs.”

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Why do we means-test?

Assumption: There are two kinds of people, the deserving and the undeserving. Those who do not deserve it, should not get it.

Result: The creation of tests and test-givers, along with the removal of that which is deserved when it is no longer deserved, and thus the introduction of bureaucracy, high marginal tax rates, Type II errors, and stigmatization.

Type I and Type II errors are common in means-testing. A Type I error occurs when a test wrongly rejects a true null hypothesis. A Type II error occurs when a test wrongly fails to reject a false null hypothesis. False positives are people who are not in need, but are identified as needing assistance.
**Bureaucracy**

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We have **over 200** separate programs in the US designed to help the poor.

These programs all have barriers to entry (and paid gatekeepers).

These programs all interact with each other to create "**welfare cliffs.**"
If we stack on welfare benefits, you can quickly see what happens. Welfare cliffs crop up in several spots.

The single mom is better off earning gross income of $29,000 with $57,327 in net income & benefits than to earn gross income of $69,000 with net income & benefits of $57,045.

Net Earned Income and Welfare Assistance Benefits Mapping
Two Parents and Two Children Scenario
City of Chicago

- One parent works FT at $8.25/hour
- One parent works FT at $14/hour
- Both parents work FT: one at $8.25/hour and the other at $8.75/hour
- Both parents work at $10/hour each
- Recovery: Both parents work FT with combined wage of $39/hour
- Trough: Both parents work FT with combined wage of $22/hour

Annual Stacked Net Earned Income and Benefits in Dollars

Annual Gross Earned Income in Dollars